

IN THE HIGH COURT OF JUDICATURE AT BOMBAY

ORDINARY ORIGINAL CIVIL JURISDICTION

COMPANY PETITION NO.152 OF 2007
 CONNECTED WITH
 COMPANY APPLICATION NO. 118 OF 2007

In the matter of Scheme of scheme of
 Arrangement and compromise between Garware
 Chemicals Ltd and Secured Creditors.

Garware Chemicals Limited

Petitioners.

Mr Nimish Pandya i/b Pandya & Co, for the petitioners.
 Mr.C.J.Joy with Ms Heena Shah with G.C.Mishra for R.D.

CORAM: D.B.BHOSALE, J.

DATE : 26.10.07

PC:

1. Heard learned counsel for the parties.

2. The sanction of the court is sought under sections 391 to 394 of the Companies Act, 1956, to a scheme of arrangement and compromise between Garware Chemicals Ltd and the Secured Creditors. The purpose of the scheme is an improvement in the company's operational performance; stability on account of social commitments; revival of the existing establishment by introduction of a sunrise product of national importance; working towards the energy conservation and pollution free environment in tandem with national priorities; and encourage the prospective bio-diesel industry.

3. Counsel appearing on behalf of the Petitioners

has stated before the court that insofar as the company is concerned (Garware Chemicals Ltd), all the equity shareholders and preference shareholders have granted their consents; and all the secured creditors have granted their consents. He further submitted that the scheme of arrangement is not applicable to the unsecured and sundry creditors.

4. The Regional Director in his affidavit dated

6.6.2007 has raised an objection stating that "in view of the company incurring losses from the commencement of the production year after year, its entire networth as on 30.9.2001 was eroded and a reference was made to Board of Industrial and financial Reconstruction (BIFR) under the provisions of the Sic Industrial Companies (Special Provisions) Act, 1985 and the said reference was registered as case No.243 of 2002 and case no.340 of 2003, which is pending before BIFR as on date". The petitioner-company has filed an affidavit dated 25.10.2007 in reply to this objection and also placed on record the relevant orders passed by the BIFR dated 13.3.2007 and 27.9.2007. From bare perusal of the affidavit so also the orders of the BIFR, learned counsel appearing for the Regional Director fairly stated that his objection stands satisfied.

5. Upon perusal of the entire material placed on

record, the scheme appears to be fair and reasonable and is not violative of any provisions of law and is not contrary to any public policy. None of the parties concerned has come forward to oppose the scheme. Moreover, the Regional Director has stated that the scheme as proposed is not contrary to the public interest or prejudicial to the interest of share holders or creditors.

6. There is no objection to the scheme and since all the requisite statutory compliances have been fulfilled, this Company Petition is made absolute in terms of prayer clause (a).

7. The petitioners to pay cost of Rs.5000/- each to the Regional Director. Costs to be paid within four weeks from today.

8. Filing and issuance of the drawn up order is dispensed with.

. All authorities concerned to act on a copy of this order duly authenticated by the Registry.

(D.B.BHOSALE, J.)